



Meet Minneapolis

June 25, 2013

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Meet Minneapolis

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Minneapolis
City by Nature

What is Meet Minneapolis?

- Meet Minneapolis is the Convention and Visitor’s Association for the City of Minneapolis.
- **Vision**: Minneapolis, the destination of choice by 2017.
- **Mission**: To market, sell and maximize the visitor experience of Minneapolis for the economic benefit of our community.
- **Values**
 - Respect
 - Innovation
 - Integrity
 - Excellence
 - Teamwork
 - Accountability
- City of Minneapolis contractor for 26 years.
- Booked 539,349 hotel room nights in 2012.
- Hosted 646,524 convention delegates in 2012.
- Generated \$285 million in delegate spending in 2012.
- Increased the number of visitors to Minneapolis-St. Paul by 4.1 percent from 26.8 million to 27.9 million between 2011 and 2012.
- Supports 28,785 leisure and hospitality jobs in Minneapolis with \$795 million in annual wages.

The *Meet Minneapolis Impact* dashboard is an interactive tool that enables our partners to track the progress we are making in achieving our goals set forth by the City of Minneapolis. Identifying and reporting the 17 performance measures on a monthly basis is only part of Impact’s functionality. It is also a great tool for our partners to get a sense of the current trends in the visitor and convention industry, such as hotel occupancy and revenue per available room, passenger counts at MSP airport and consumer confidence.

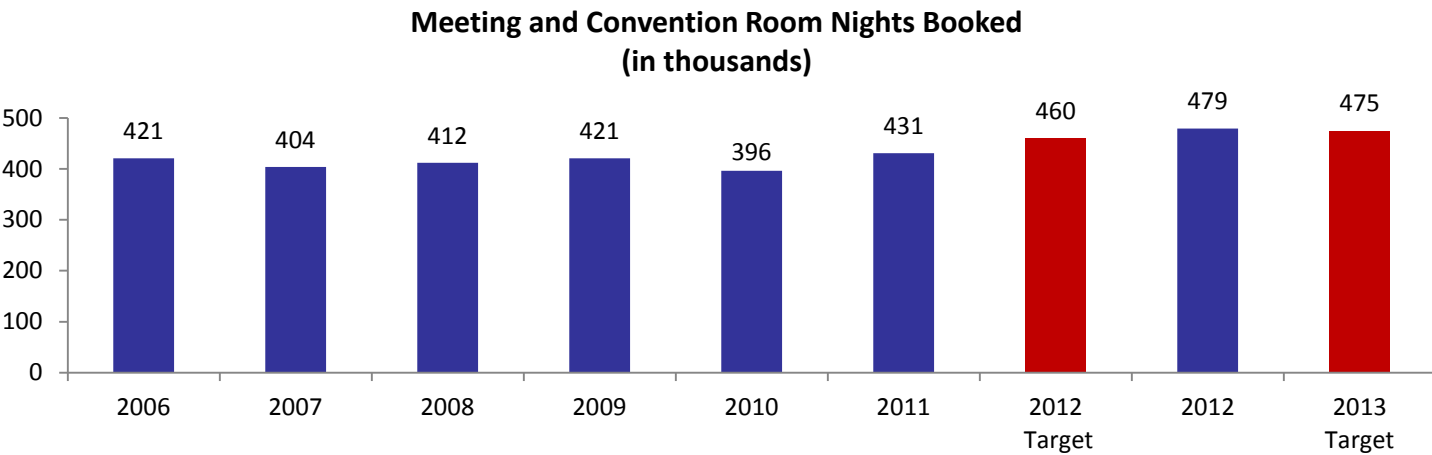
Our four key performance indicators, Room Nights Booked, Leisure Hotel Leads, MCC Revenue and Sponsorship Revenue, are prominently displayed and summarized on the landing page with an easy-to-understand graphical treatment. This page is where the industry metrics and executive summary reside as well.

For a more detailed report of all 17 performance measures, clicking on the “Detail” tab brings up a summary of each. With an additional click on the individual measures, a line graph of the respective measure by month appears to the right.

<http://impact.minneapolis.org/>

Glossary of Terms

Term	Definition
ADR	Hotel Average Daily Rate (<i>room revenue divided by rooms sold</i>)
CVB	Convention & Visitors Bureau
ELT	Executive Leadership Team
Occ %	Hotel Occupancy (<i>rooms sold divided by rooms available multiplied by 100</i>)
RevPAR	Hotel Revenue Per Available Room (<i>room revenue divided by rooms available</i>)
TAP	Trends Analysis Projections, LLC
Room Nights Booked	Future hotel room nights booked by Meet Minneapolis
Room Nights Consumed	Hotel room nights booked by Meet Minneapolis and subsequently used by hotel guests
Definite Room Nights	Number of definite room nights confirmed by Meet Minneapolis for future years
Tentative Room Nights	Number of tentative room nights pending for future years
Pace Target	Number of definite room nights that should be confirmed as of a particular point-in-time for future months or years based in the last five years of definite room nights and all definite room nights confirmed for the future
Pace Percentage	The definite room nights booked to date as a percentage of the definite room nights that should be confirmed by a particular point-in-time based in five years of historical data and all definite room nights confirmed for the future.
Leisure Hotel Leads	Leads for leisure group hotel stays provided by Meet Minneapolis to Minneapolis hotels
Events In the Year for the Year	Events booked in the same year as they are to be held
Partnership Revenue	The amount of revenue collected by Meet Minneapolis through membership fees and partner sponsorships
Media Impressions	A measure of the number of times an article or advertisement is seen by consumers



*The number of future meeting and convention room nights booked by Meet Minneapolis for member hotels.

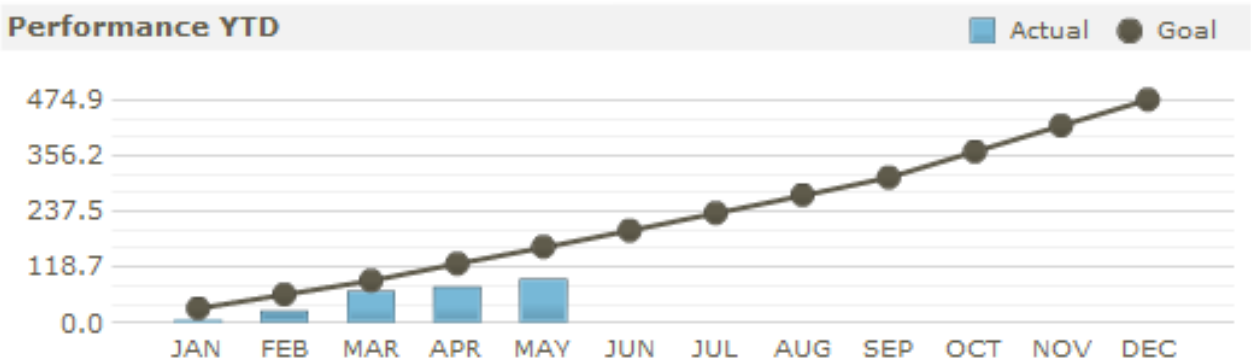
Why is it important?

Sold room nights are the primary source of revenue for a critically important member group – downtown hotels. Meeting and convention room nights benefit both short and long-term hotel occupancy. Additionally, sold room nights bring economic vitality to the downtown restaurant, entertainment and retail businesses, and tax receipts to the Minneapolis Convention Center fund.

What will it take to achieve this goal?

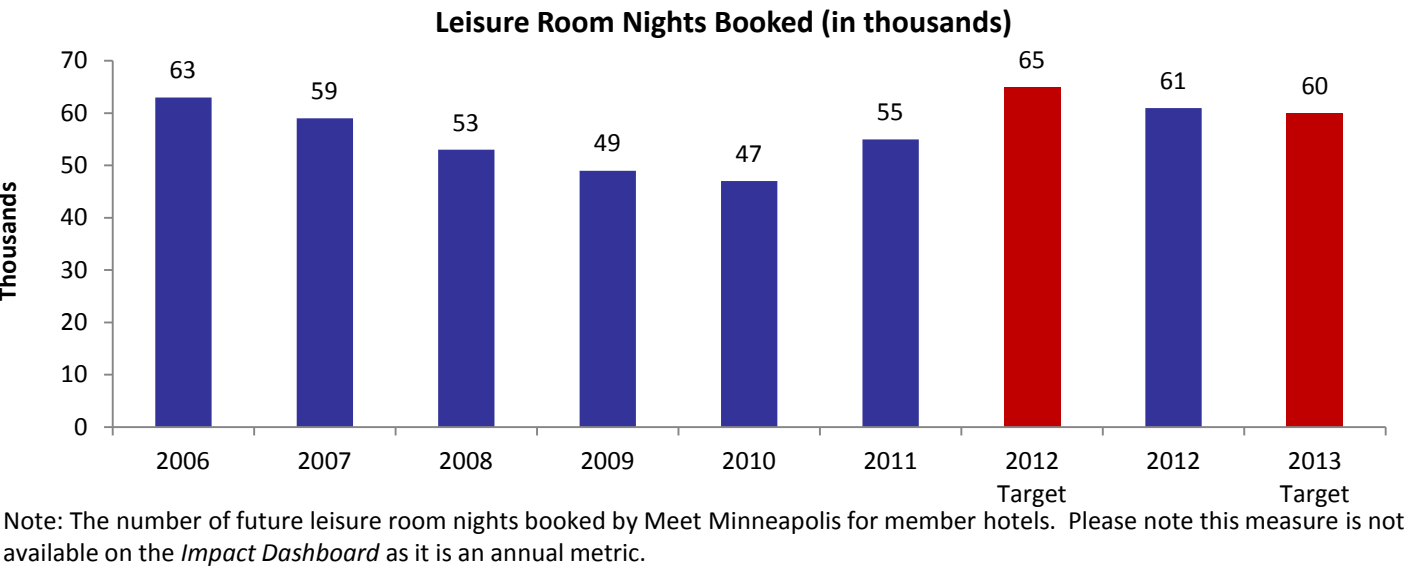
Our 2013 targeting of the market segments of greatest growth – medical, business-trade, and engineering-science associations – for new business development will be the primary means of achieving our room nights goal. Secondly, we will continue to display the new “City by Nature” branding at major industry events to drive awareness of Minneapolis. Finally, we will maintain a fully engaged staff, consistent proactive sales efforts, and effective follow-through with our clients.

Meeting and Convention Room Nights Booked Year-to-Date (in thousands)



2013 Year-to-Date Summary

The first quarter booked room nights were off the goal by 26 percent: 67,940 versus 92,600, respectively. However, the commitments we expect to receive in the third and fourth quarters strongly indicate that the second quarter goal of 104,525 room nights will be achieved.



Why is it important?

Leisure room nights are important to filling the gaps between meeting and convention room nights. They provide needed weekend business, and increase occupancy during off-peak periods, particularly the holiday season and first quarter.

The chart below displays leisure hotel leads. These are converted to leisure room nights booked and thus are critically important. On average, a single tour group lead converts to 23 room nights, one wedding lead converts to 60 room nights, and a reunion lead converts to 110 room nights.

What will it take to achieve this goal?

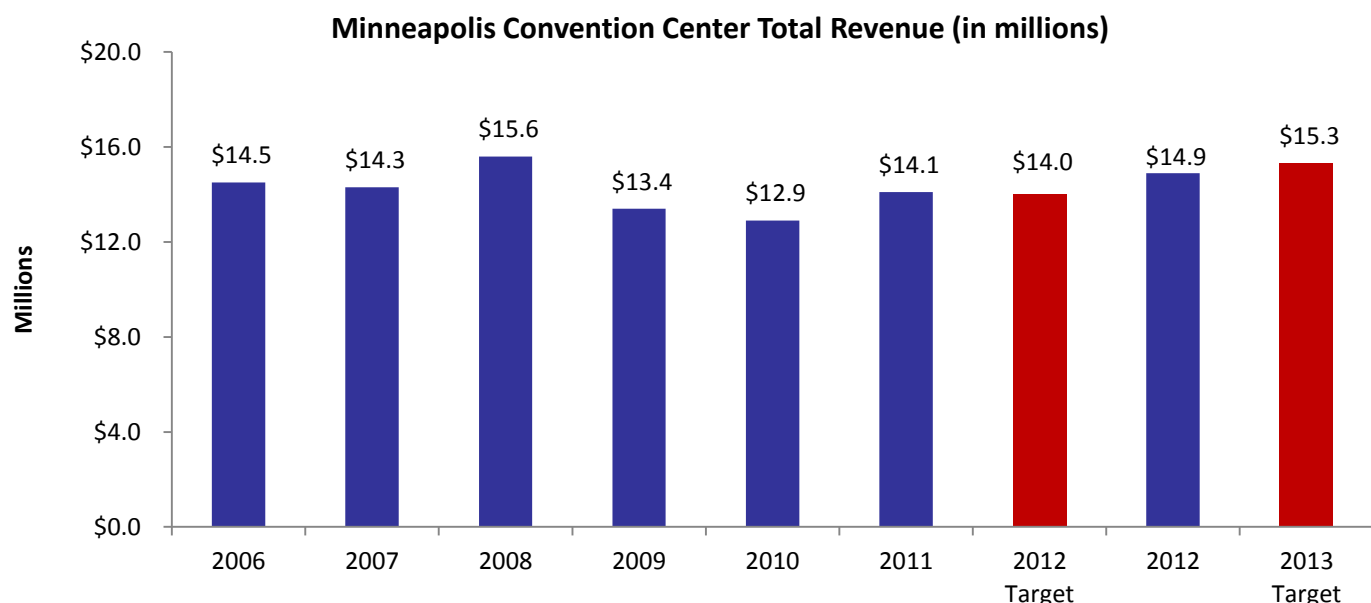
We are actively engaged in securing bookings from international groups, meetings and leisure packages, weddings, reunions, group tours and domestic leisure packages. Two new strategies in 2013 will be promoting GLBT weddings and experiential tours to groups.



*Leads for leisure group hotel stays provided by Meet Minneapolis to member hotels.

2013 Year-to-Date Summary of Leisure Hotel Leads

Leisure hotel leads are currently off 15 percent versus year ago due to a soft first quarter. However, we anticipate that the numbers can be achieved by year-end through strong reunion bookings and the promotion of GLBT weddings.

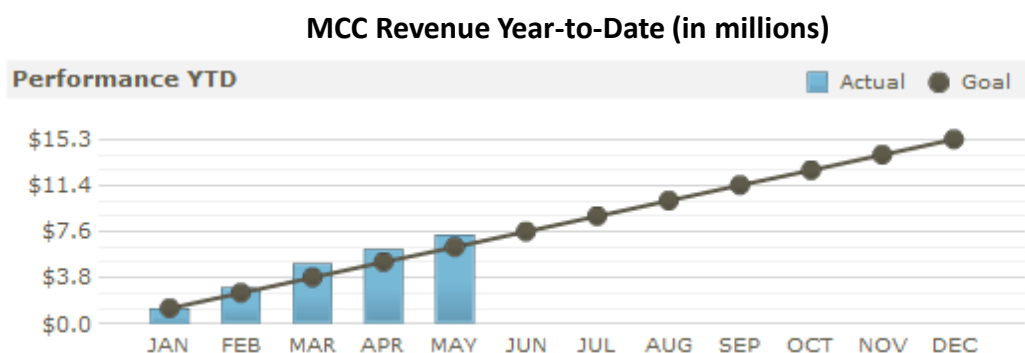


Why is it important?

More than 50 percent of the revenue required to operate the MCC is generated by Meet Minneapolis through space sales and ancillary sales such as food & beverage. These revenues off-set withdrawals from the convention center fund for operating costs, thus it is critical that revenue-generating business activity is realized through sales efforts.

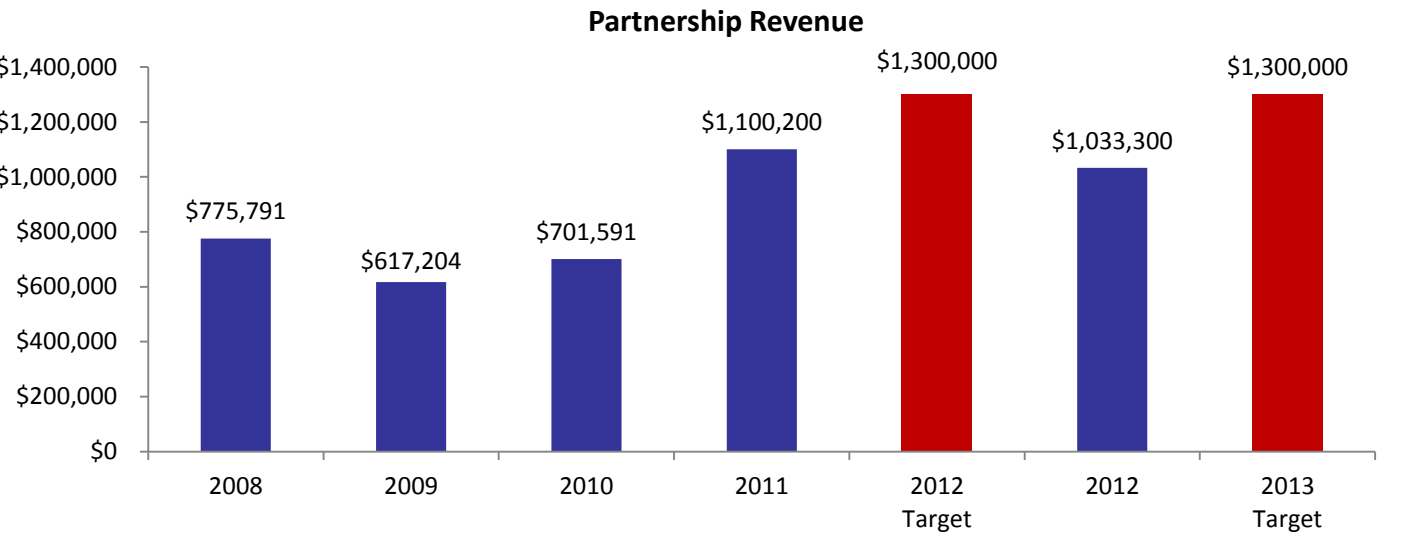
What will it take to achieve this goal?

It is absolutely critical to increase the amount of business booked and held this year. Deeper penetration of local accounts, and ensuring that more customers are exposed to the full offerings of the convention center, will help increase these bookings. We have implemented targets for proactive efforts and are measuring our performance against these targets on a monthly basis. Marketing the center to non-traditional clients that might make use of the facility by Meet Minneapolis' participation in trade shows and industry events, while also leveraging peer relationships. Finally, we are increasing our knowledge of effectively marketing the building through industry best practices.



2013 Year-to-Date Summary

As of May 31st, year-to-date revenue is at 115 percent of the year-to-date goal. The third quarter is looking very solid which will allow us to achieve the annual goal of \$15.25 million.



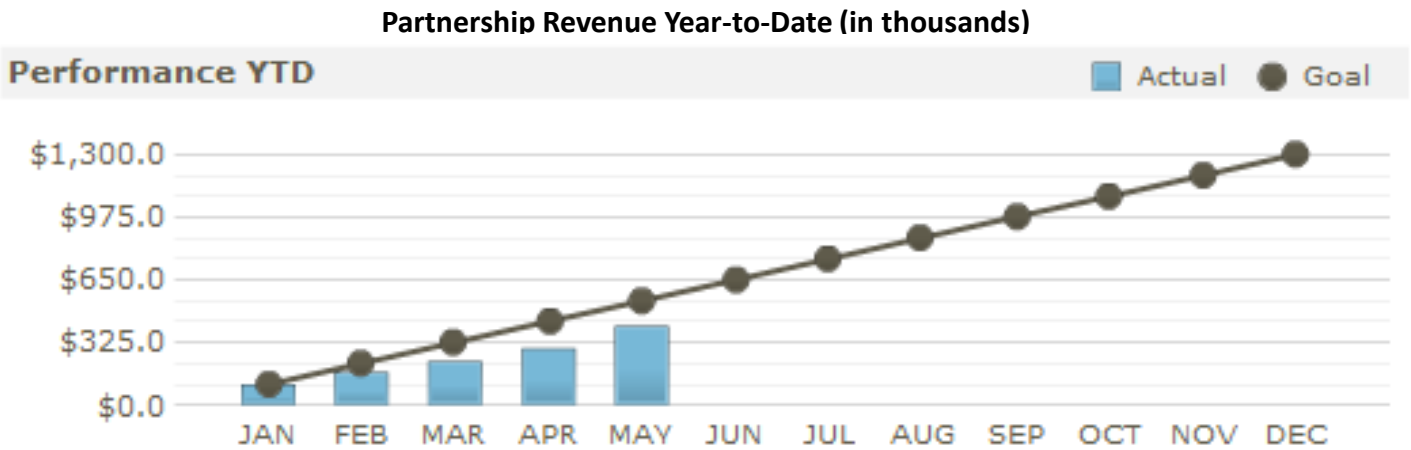
Note: The amount of revenue collected through membership fees and partner sponsorships.

Why is it important?

Partnership revenue is the primary source of private revenue for Meet Minneapolis , which complements its public funding, and is critical to the achievement of organizational strategic objectives. It is generated through memberships and sponsorships among the Minneapolis business and hospitality communities.

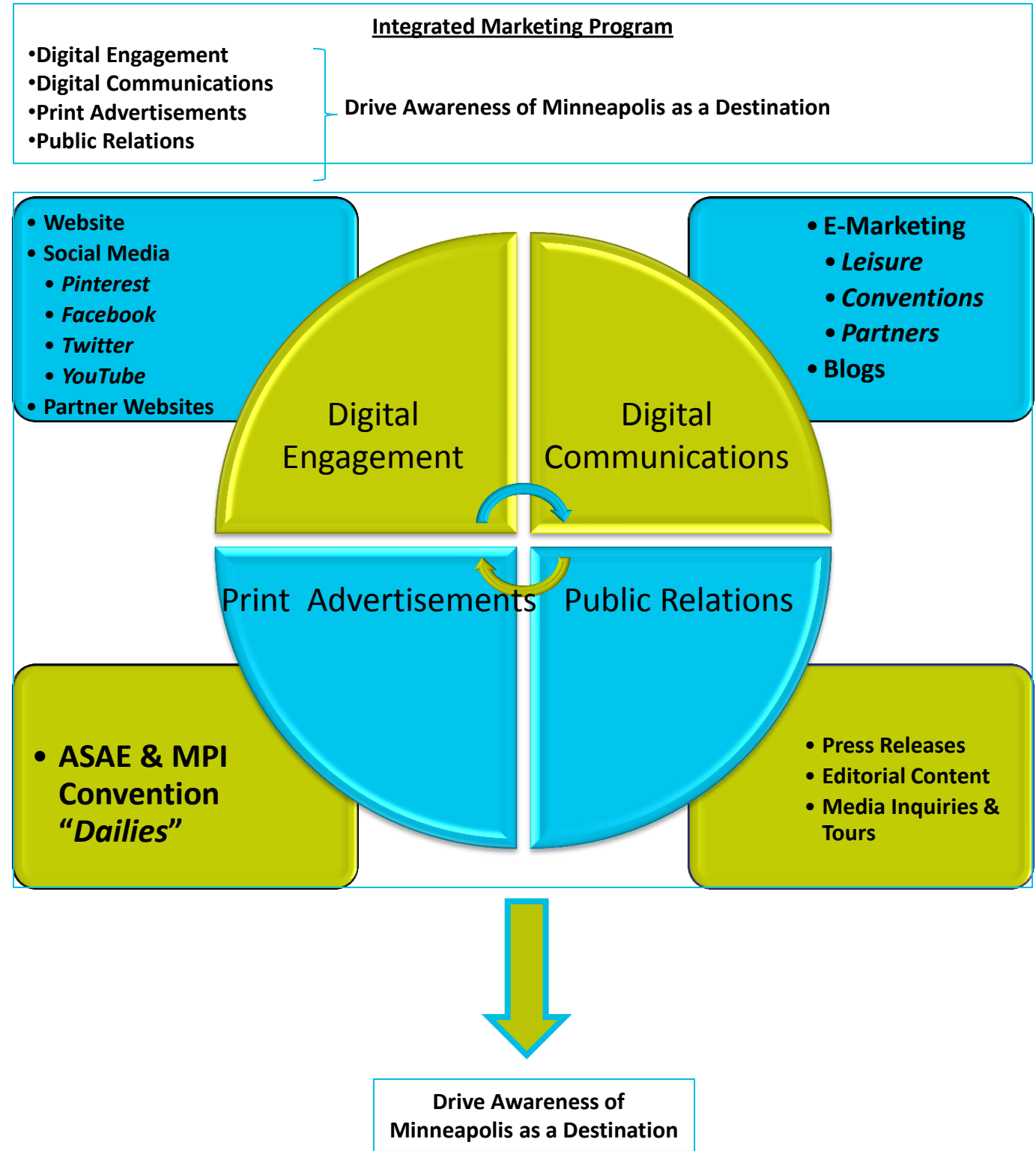
What will it take to achieve this goal?

Our 2013 focus on wedding service partners and the retail and restaurant communities will increase membership revenue. Uniquely structured sponsorship packages, meeting the business objectives of sponsors, as well as those of Meet Minneapolis, will increase sponsorship revenue, for example, the *Chevrolet Getaway Sweepstakes* and beverage rights sponsorship at the Convention Center.



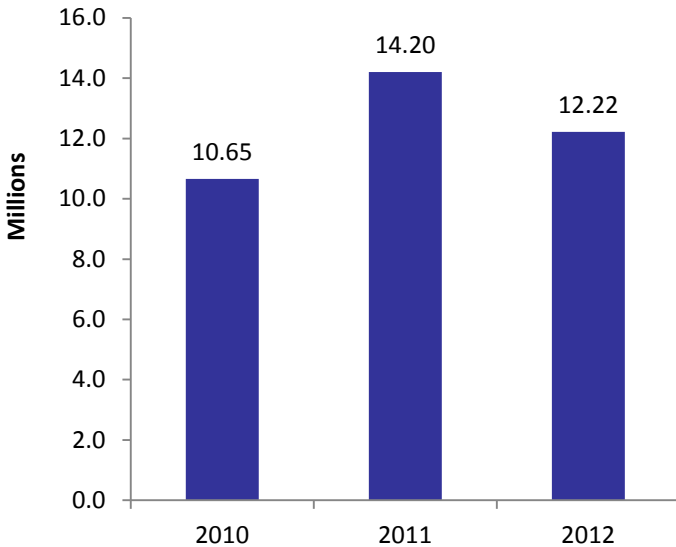
2013 Year-to-Date Summary

As of May 31st member retention is 96 percent and there have been 29 new partners, with a with a large third quarter new member drive planned. Sponsorship revenue is ahead of pace as of May 31st. Strategies developed at the *February Partnership Summit* are being executed for long-term revenue growth.

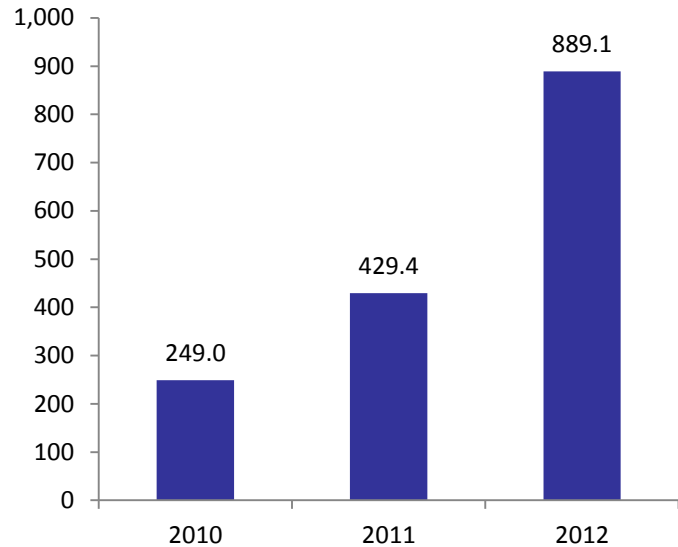


Additional Data and Narrative on Next Page...

Unique Web/Social Media Visitors (in millions)



**Media Impressions
(in millions)**



Why are these measures important?

Digital marketing and public relations “*free media*” are the pillars of the Meet Minneapolis marketing program and “*web/social media visitors*” and “*media impressions*” are the primary methods of measuring such marketing activity.

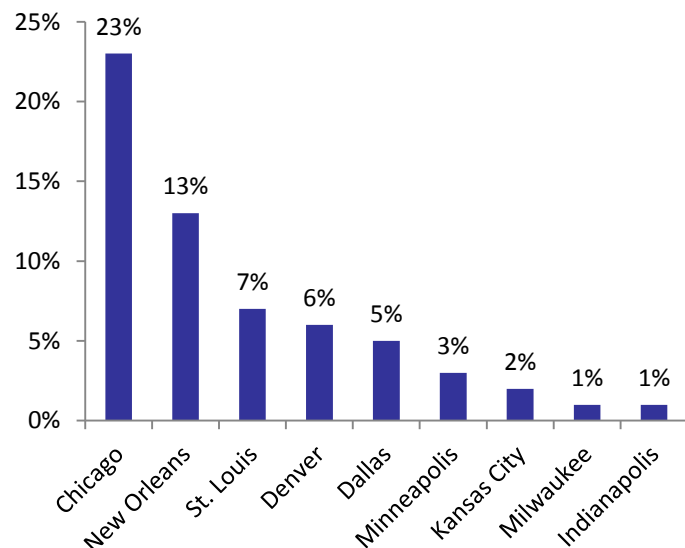
What will it take to make progress?

No strategies currently were identified for this report.

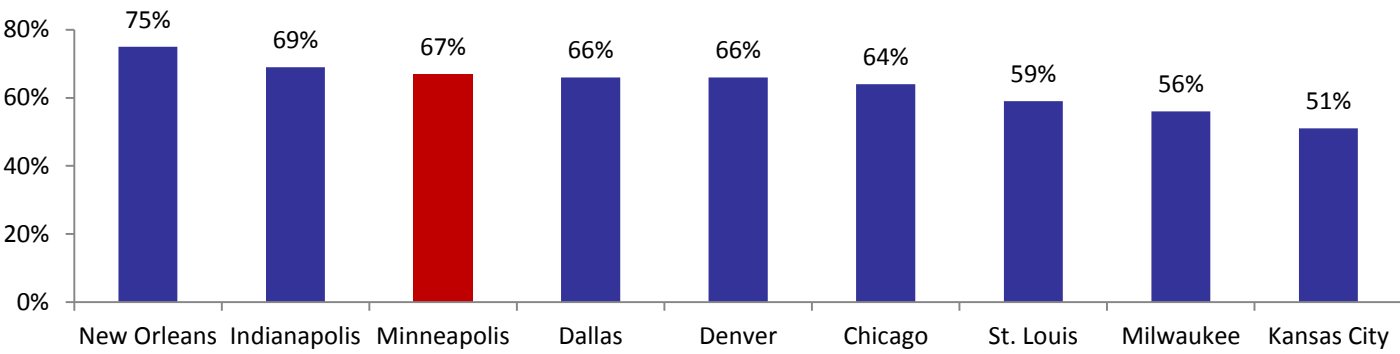
Social Media *Chatter* About Minneapolis



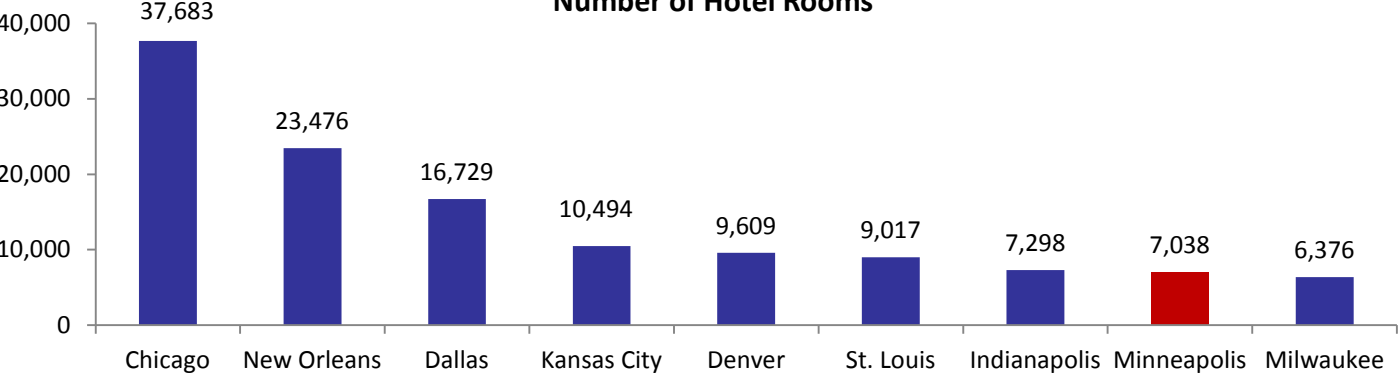
Awareness Among Leisure Travelers (2012 Baseline)



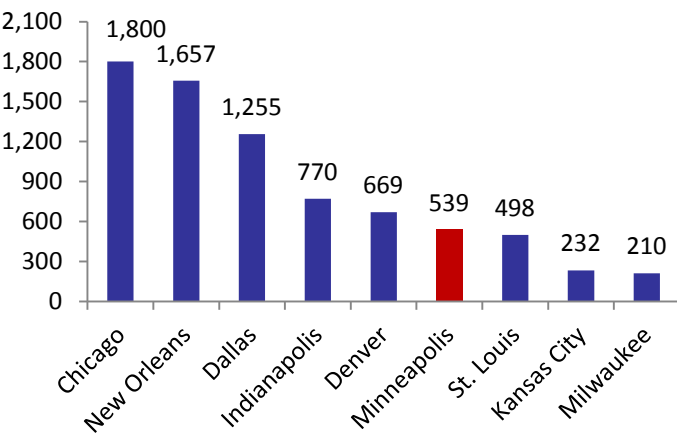
Hotel Occupancy Thru April 2013



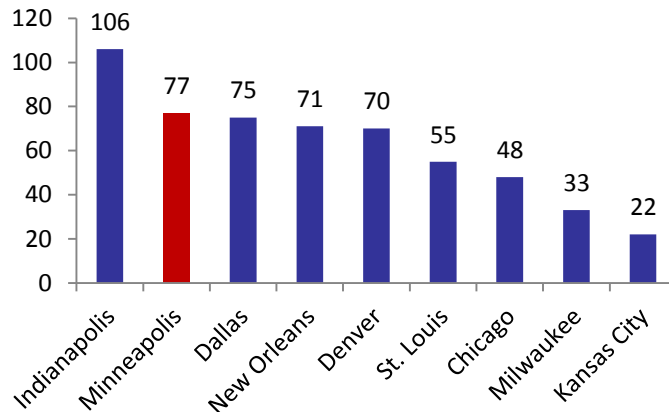
Number of Hotel Rooms



Future Hotel Room Nights Booked in 2012



Room Nights Booked to Number of Hotel Rooms Ratio



Why are these measures important?

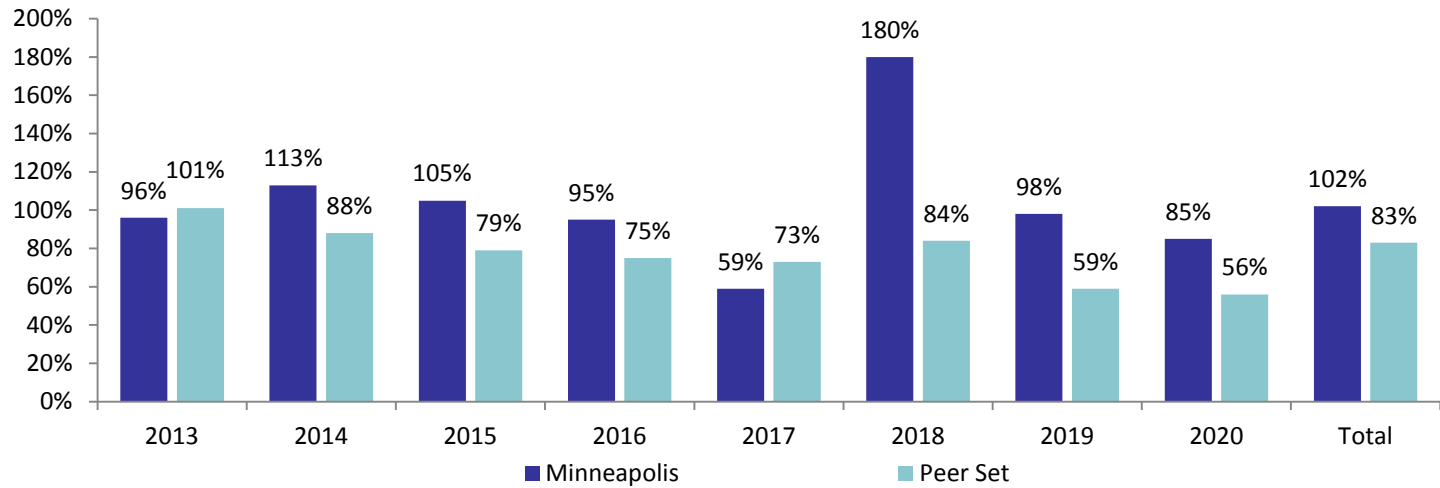
The measures above are on the following pages are indicators of the key attributes and key activities by which cities are sold as destinations and thus are important to tracking the performance of Meet Minneapolis relative to its peer set.

What will it take to make progress?

Meet Minneapolis compares very favorably to the peer set on hotel occupancy, room night bookings and media impressions. However, Minneapolis lags the peer set significantly on the number of hotel rooms and destination marketing budget.

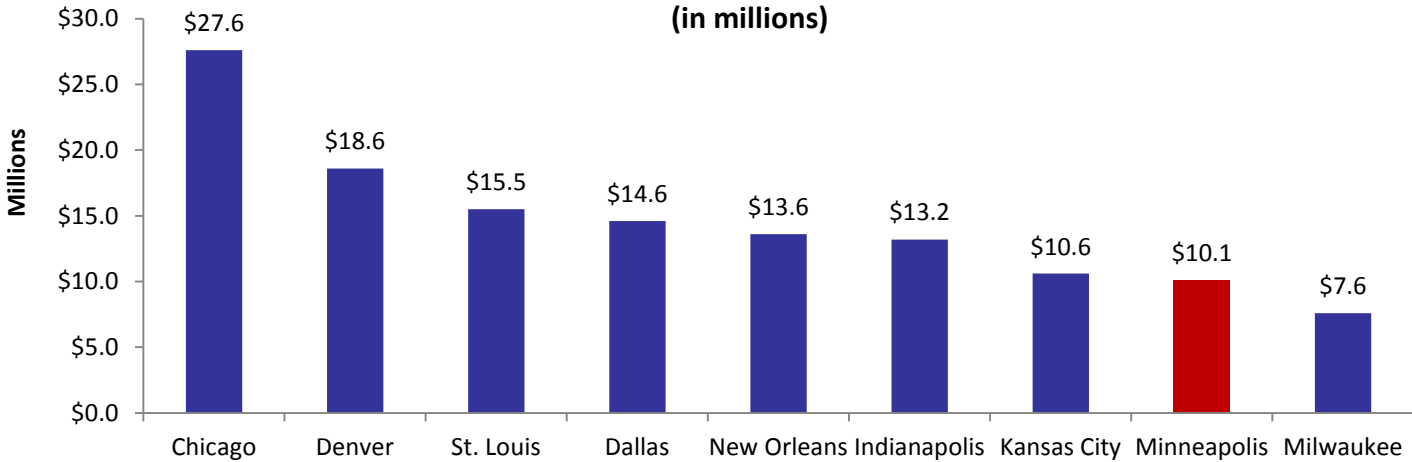
[Additional Data on Next Page...](#)

Future Room Nights Booking Pace Percentage 2013 Thru April

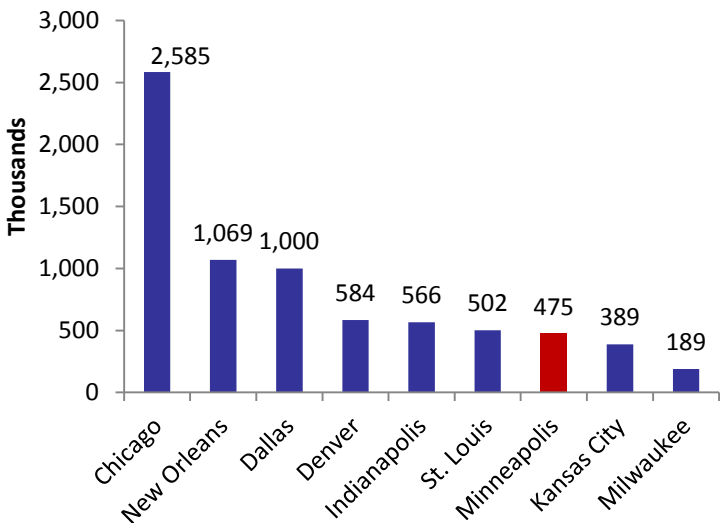


Note: Peer Set includes Chicago, Dallas, Denver, Indianapolis, Kansas City, Milwaukee, New Orleans and St. Louis

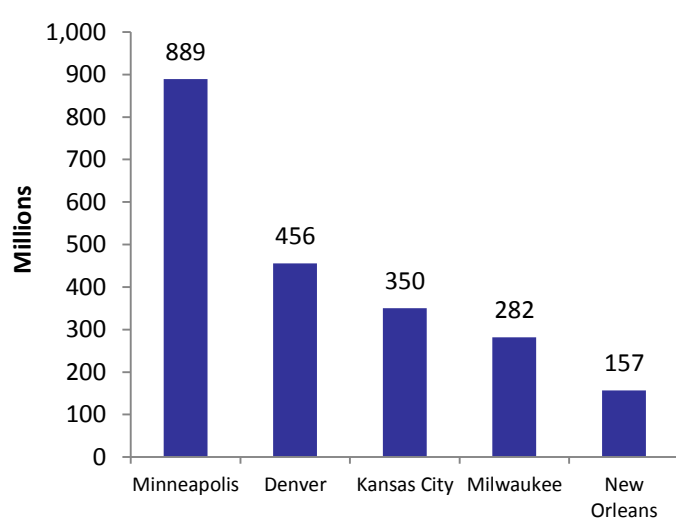
CVB 2013 Budget by Peer Set (in millions)

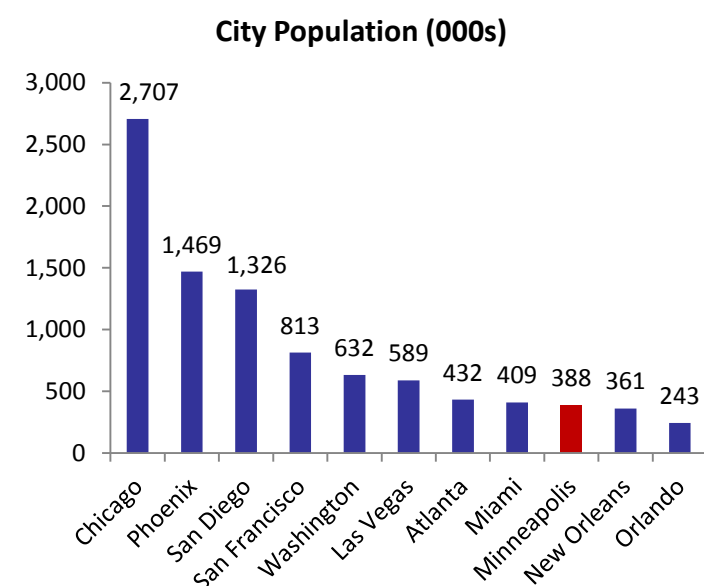
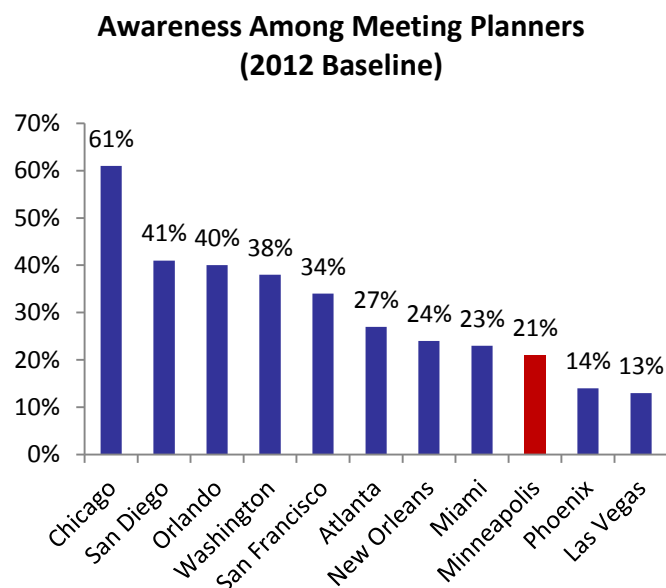
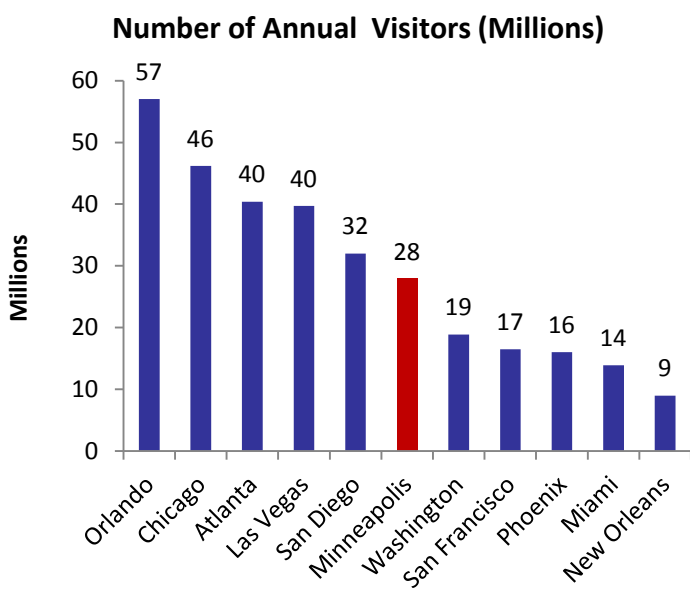


Convention Center Exhibit Space



Media Impressions (in millions)





Why are these measures important?

These measures are important because they are the criteria by which a top tier destination is identified.

What will it take to make progress?

Minneapolis requires the following to become a top tier destination.

- More large hotels and a large number of hotel rooms.
- Greater air accessibility and affordability.
- More exhibit space.
- Increased awareness.
- Larger destination marketing budget.

The Meet Minneapolis Board of Directors has formed a task force to continue its examination of the city's hotel market and its ability to attract additional convention and event business. The task force, led by Rob

Additional Narrative and Data on Next Page...

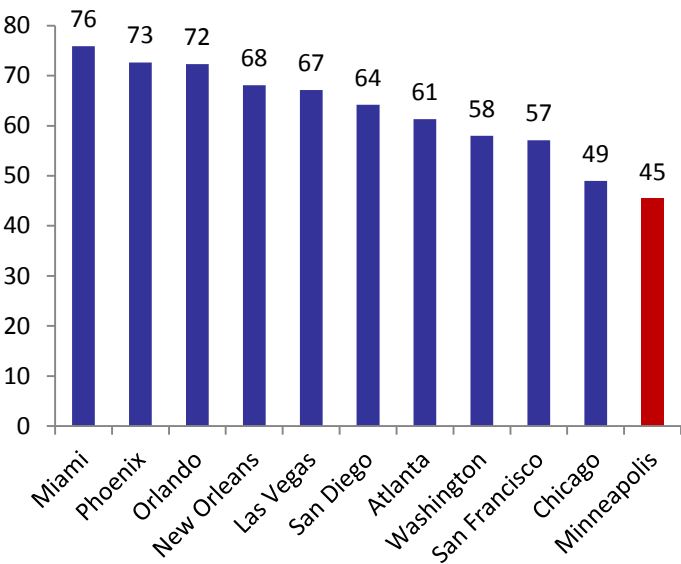
Requirements to Become a Top Tier Destination

Moor, vice chair of the Board of Directors and CEO of the Minnesota Timberwolves and Lynx, will be assembled from members of the board.

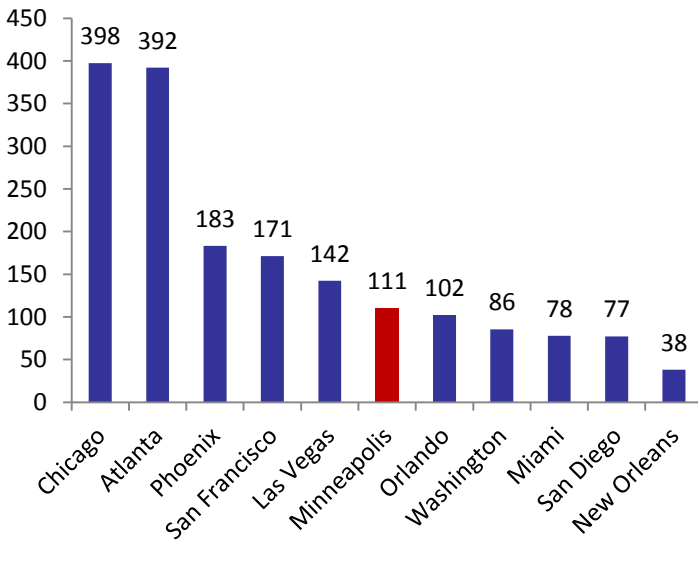
Three primary opportunities will be addressed:

- An action plan that optimizes the utilization of Minneapolis' current hotel assets.
- A definition of the desired meeting and convention target market segment that provides the best future economic opportunity for the city.
- A determination of the assets and strategies that will be required for Minneapolis to gain and maintain the competitive edge for attracting future business from this desired market segment.

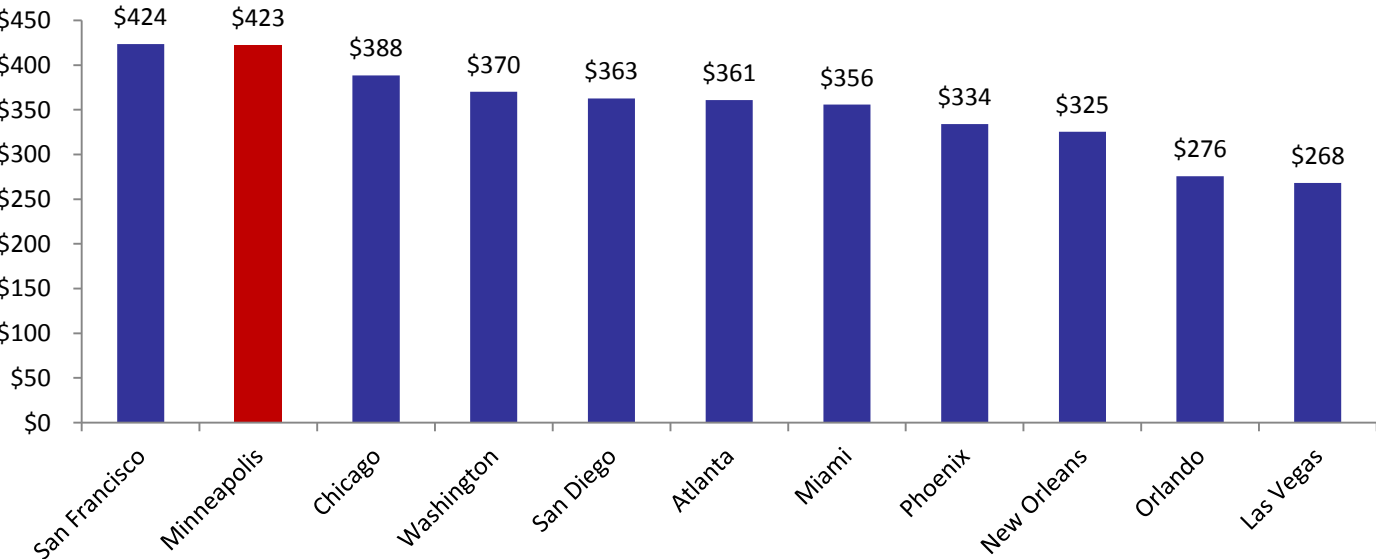
Average Annual Temperature (°F)

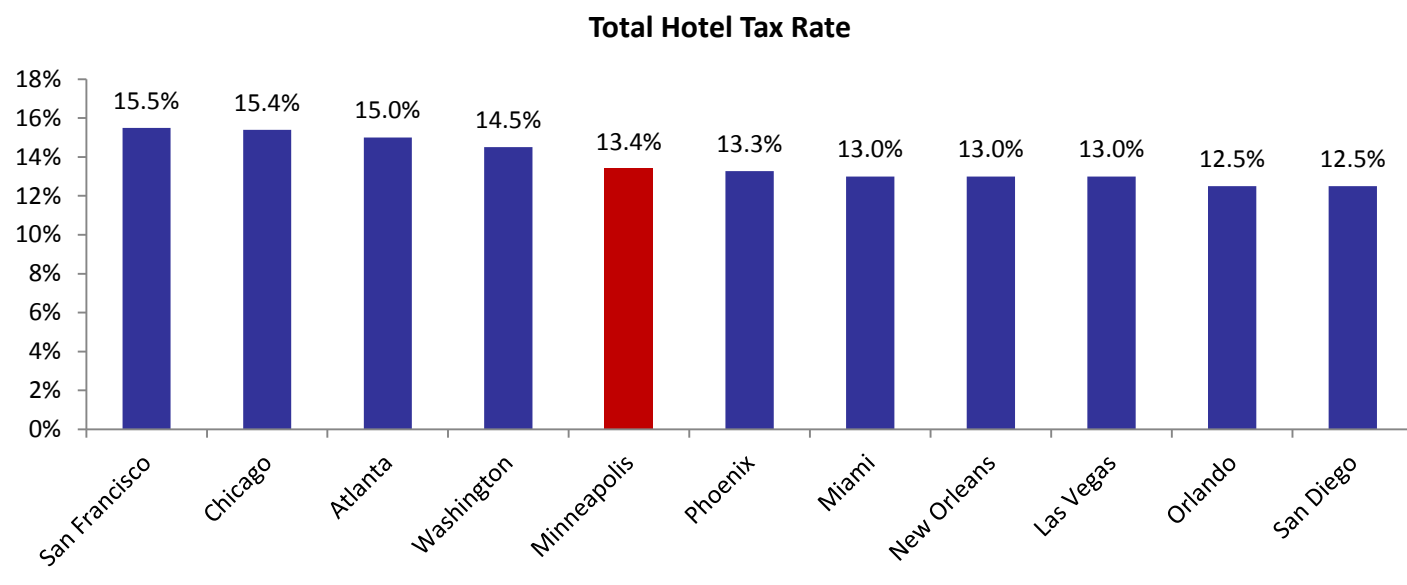
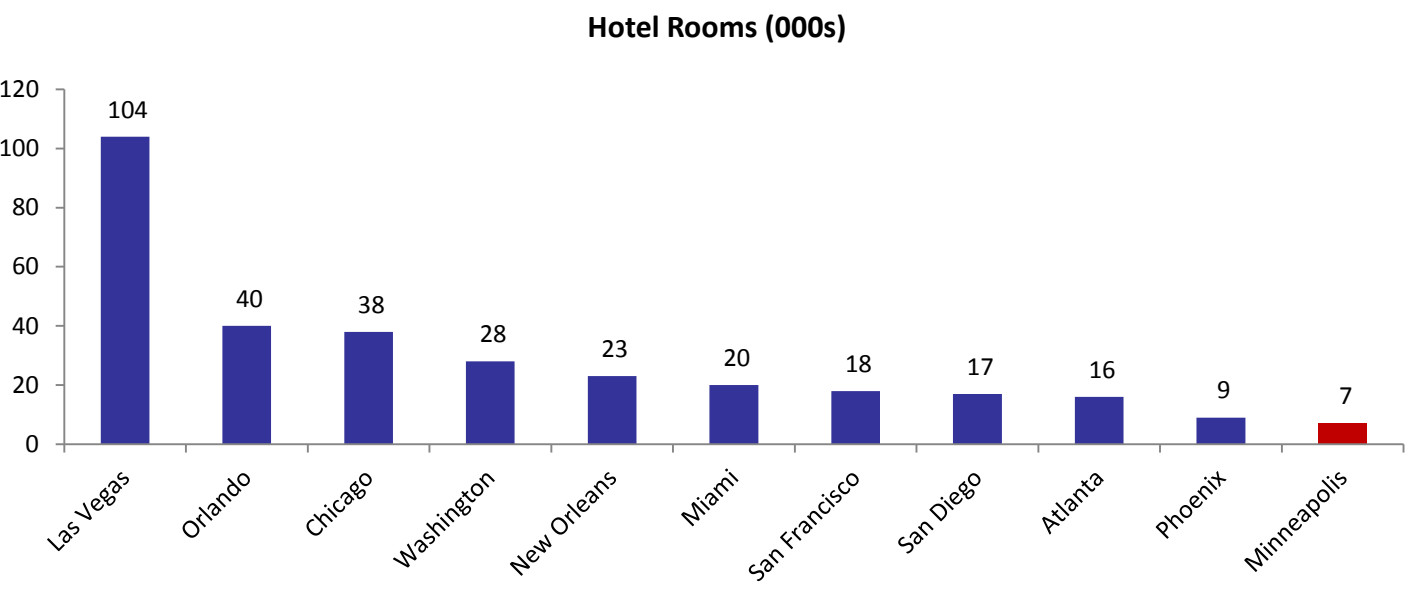


Number of Annual Domestic Flights (000s)

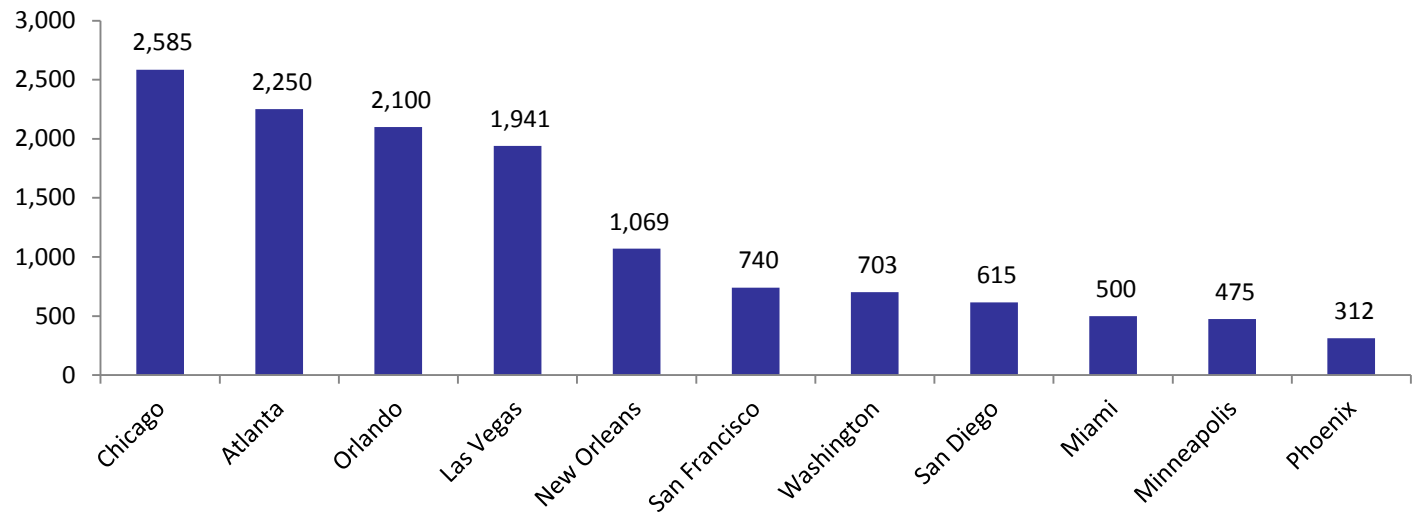


Average Round Trip Airfare (Q4 2012)

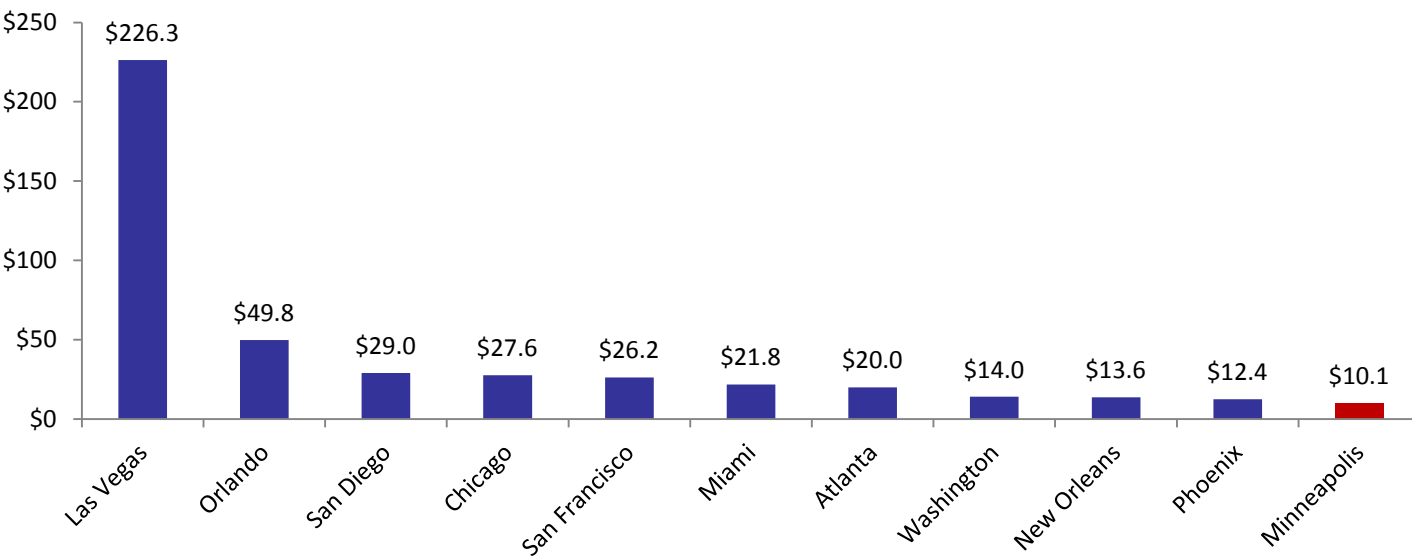


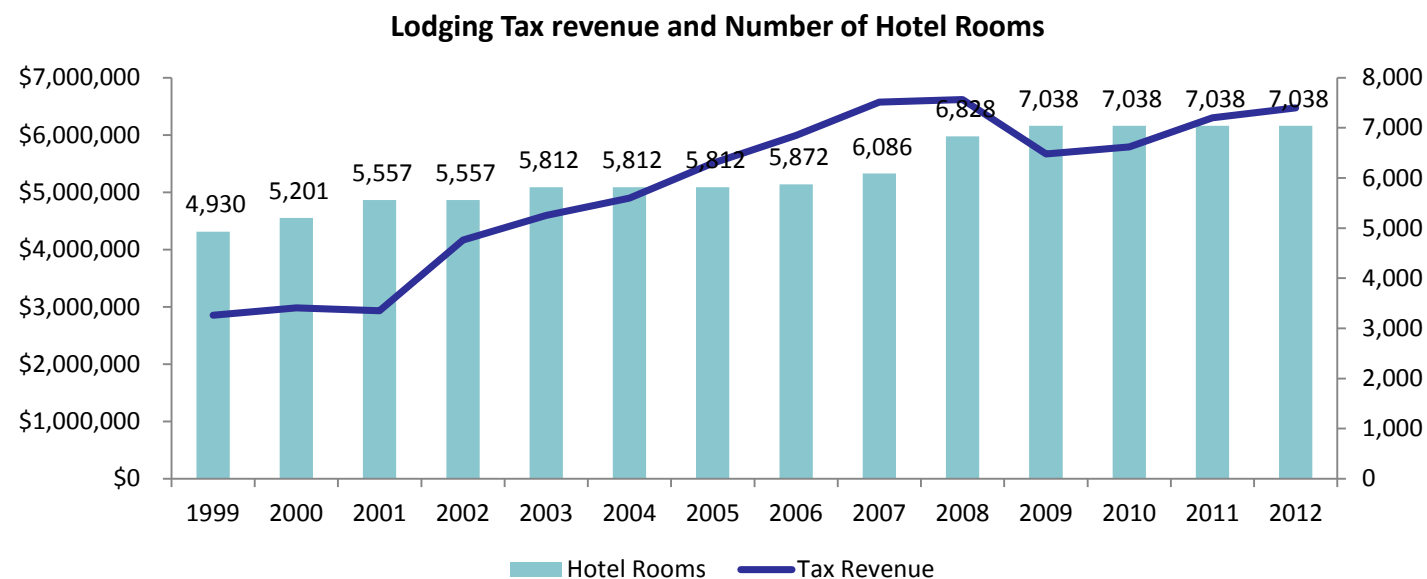
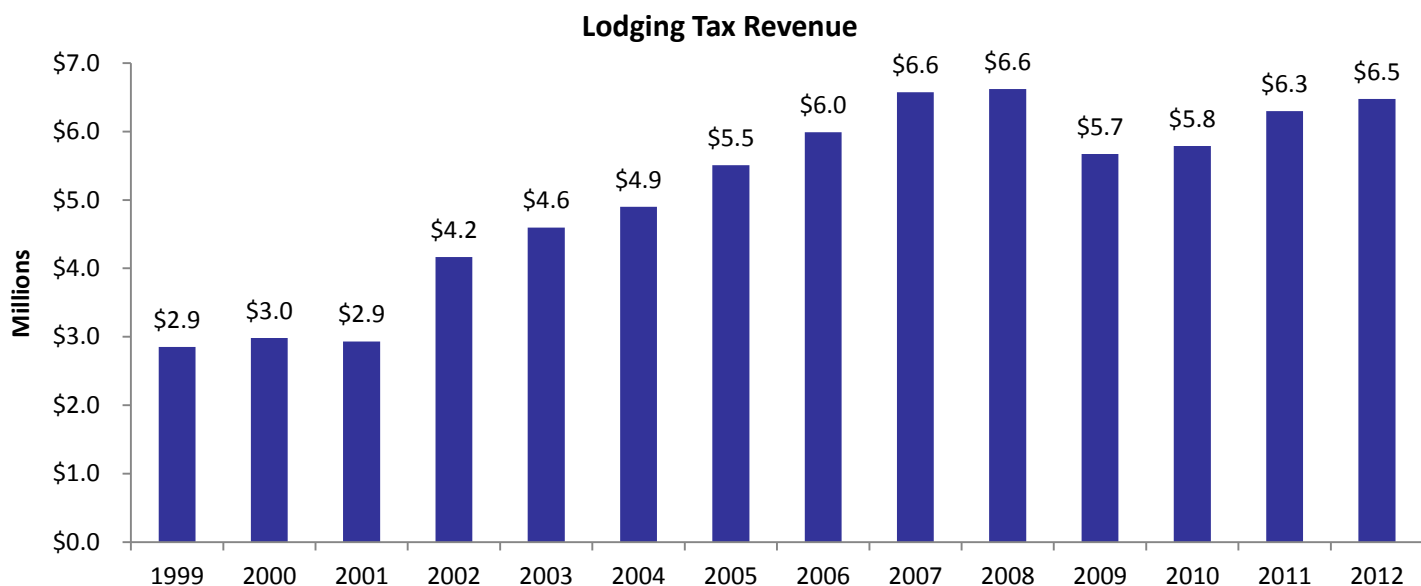


Convention Center Exhibit Space Square Feet (000s)



CVB Budget
(in millions)





Why are these measures important?

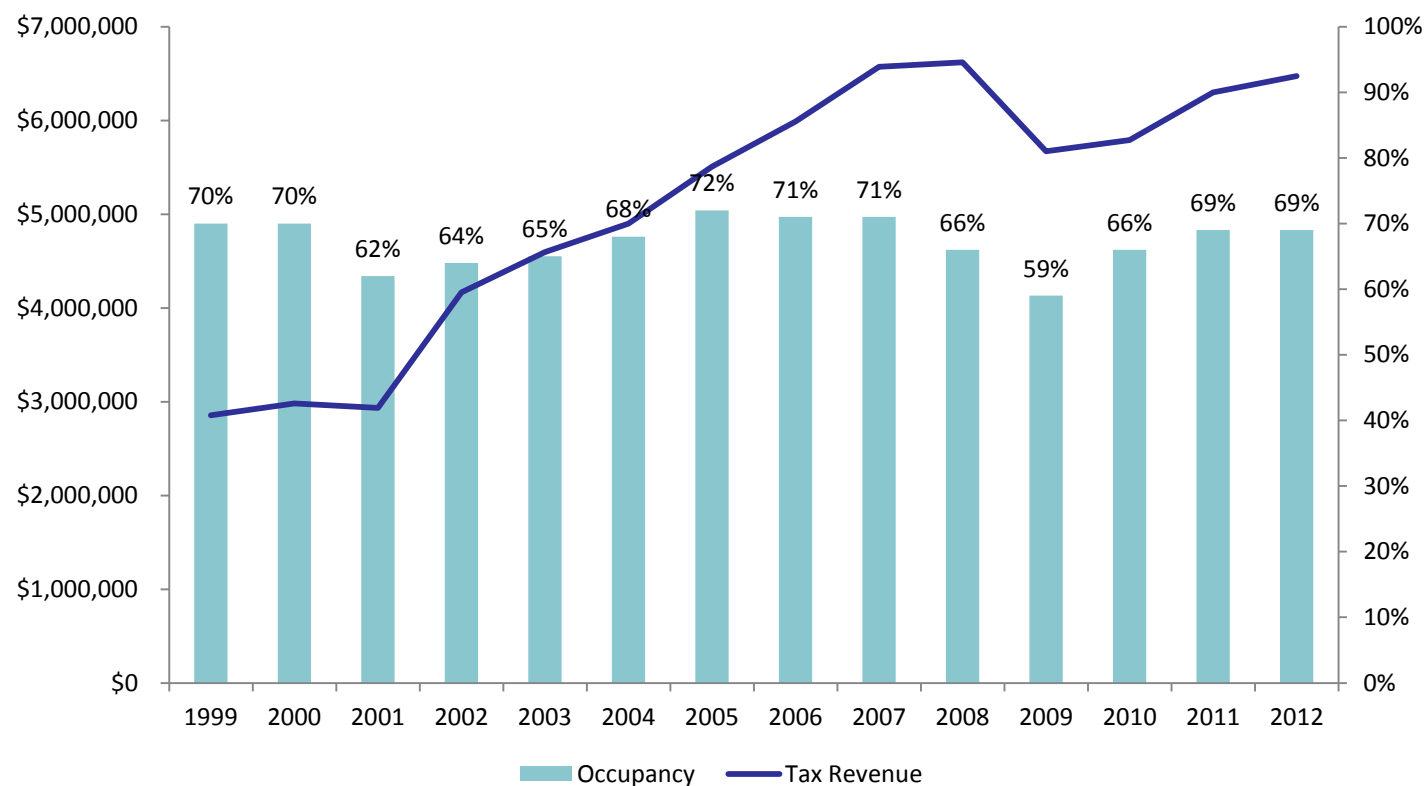
Lodging tax revenue contributes to the funding of the new Vikings stadium.

What will it take to make progress?

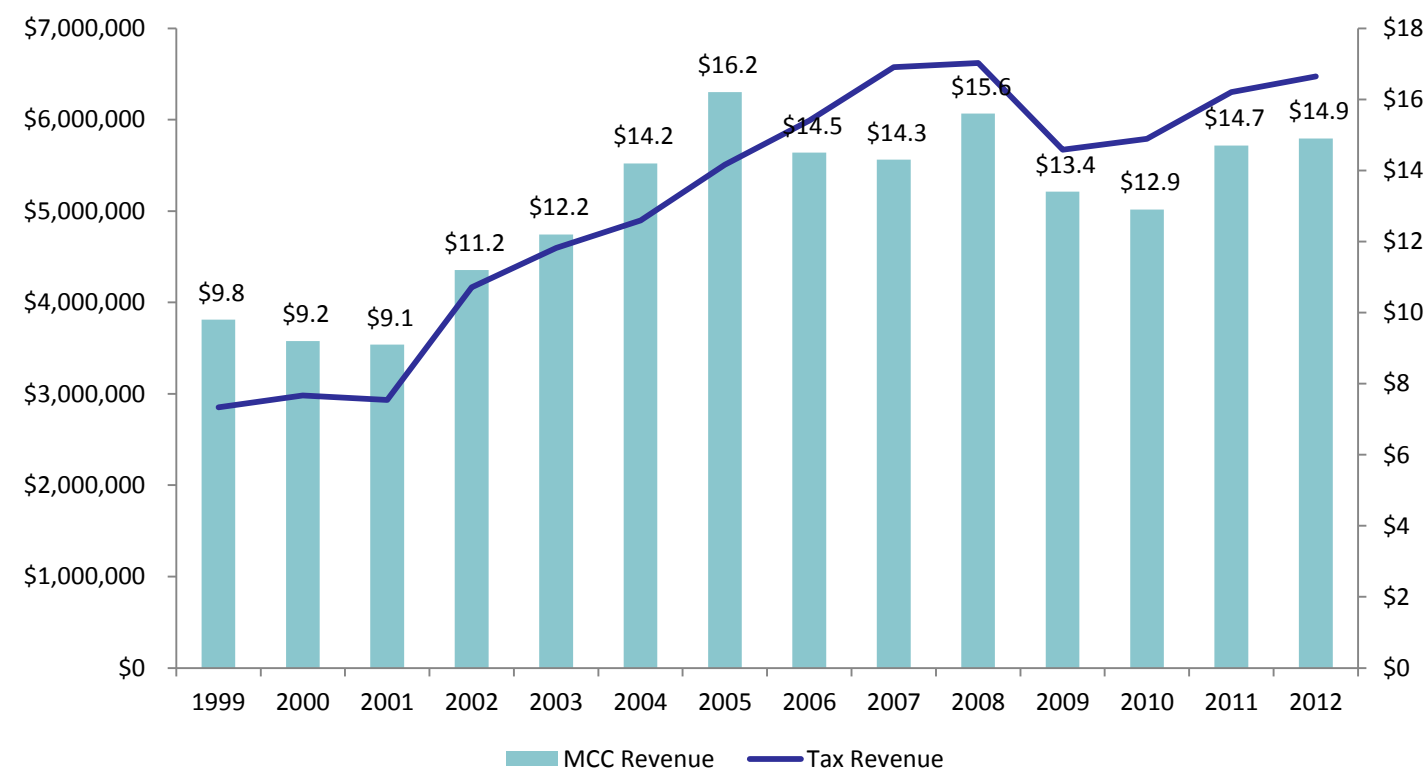
Increased room night bookings and a larger destination marketing budget.

Additional Data on Next Page...

Lodging Tax Revenue and Hotel Occupancy

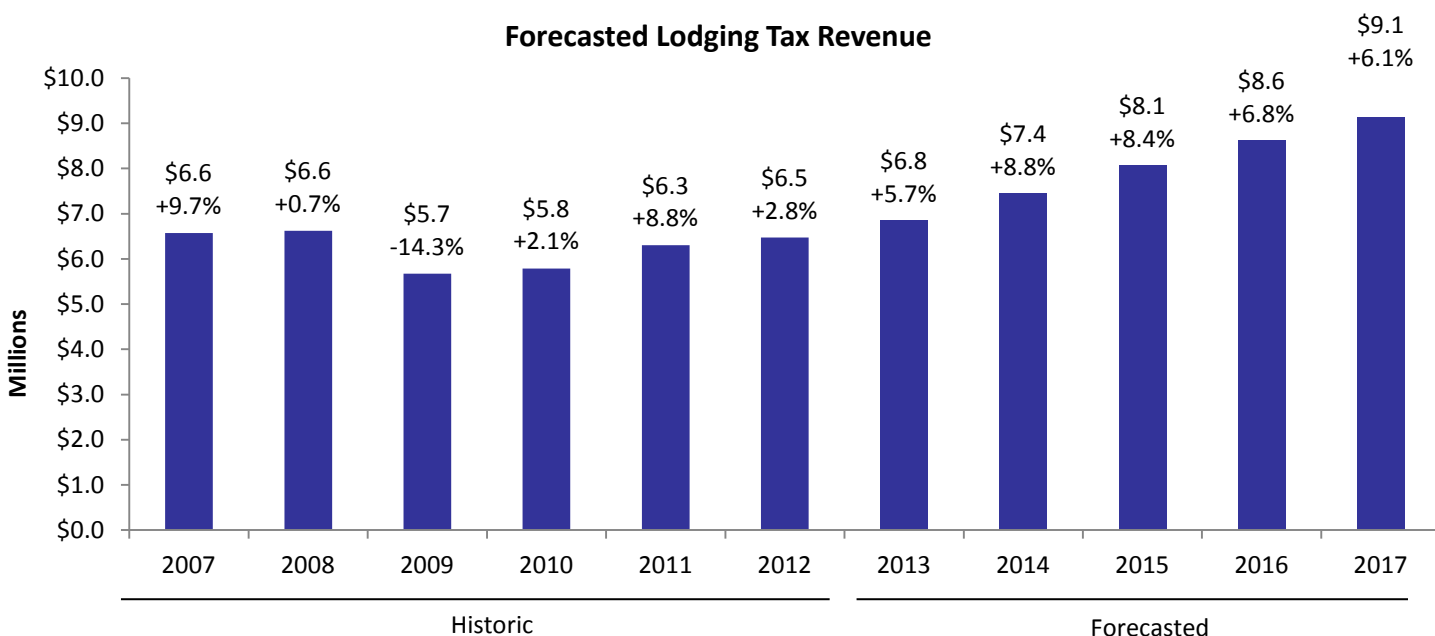


Lodging Tax Revenue and MCC Revenue (in millions)



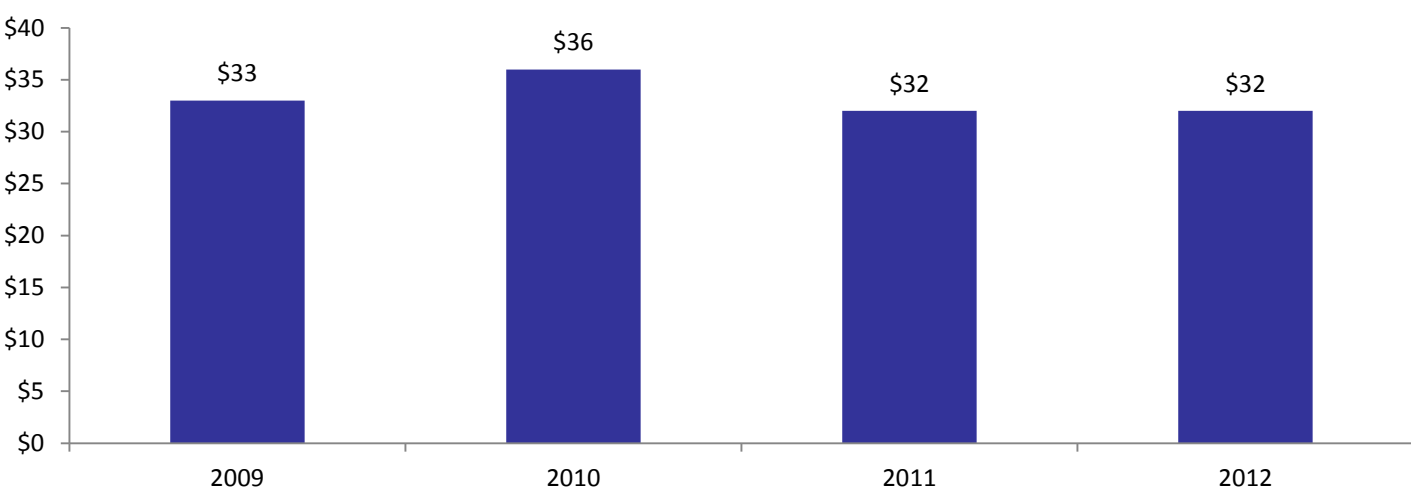
Additional Data on Next Page...

Forecasted Lodging Tax Revenue



Note: The forecast was developed using the following steps: Applied the *PKF Hospitality Research, LLC* 2013 – 2016 annual Minneapolis growth rates forecast to the 2012 Minneapolis *Smith Travel Research (STR)* actual data to calculate future annual hotel room rates, consumer demand and resulting revenues. The related lodging tax revenue was then calculated by applying the 2.625% tax rate to the forecasted revenues. The resulting strong tax revenue forecast is driven by anticipated robust growth in hotel room rates and moderate growth in consumer demand.

Meet Minneapolis ROI



- Notes:
- 1) ROI only reflects visitor spending captured in iDSS which excludes almost all leisure visitor spending estimated to be \$4.7 billion annually in the metropolitan area.
 - 2) ROI Calculation of Destination Marketing Association International:
$$\text{DMO Return on Total Operating Costs} = \frac{\text{Visitor Spending Generated by the DMO's Efforts}}{\text{Total DMO Operating Costs}} = \frac{\$286,806,235}{\$9,000,000} = \$32$$

Why is this measure important?

It indicates the value of the investment by the City of Minneapolis in destination marketing. Meet Minneapolis returns \$32 in visitor spending for every \$1 in operating cost.

What will it take to make progress?

A larger destination marketing budget.

Appendix

2012 Leisure Group Room Nights and Events Calendar



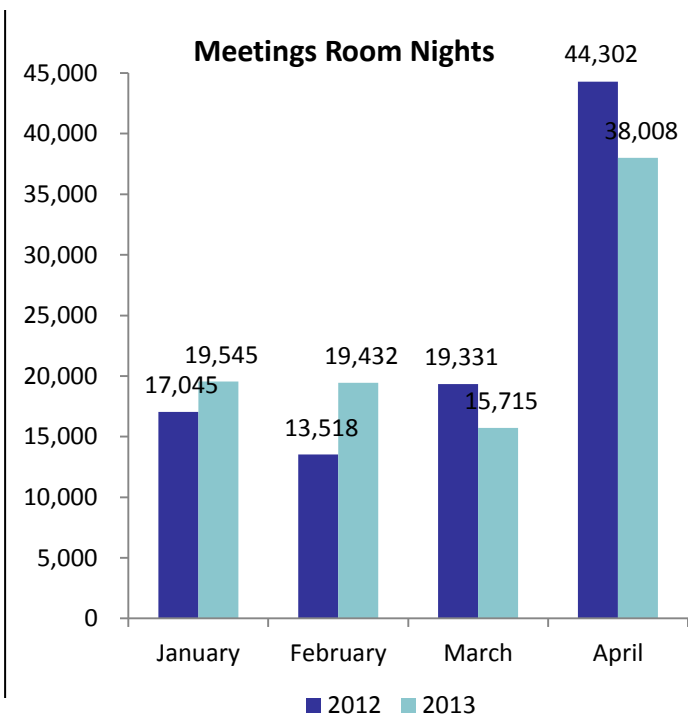
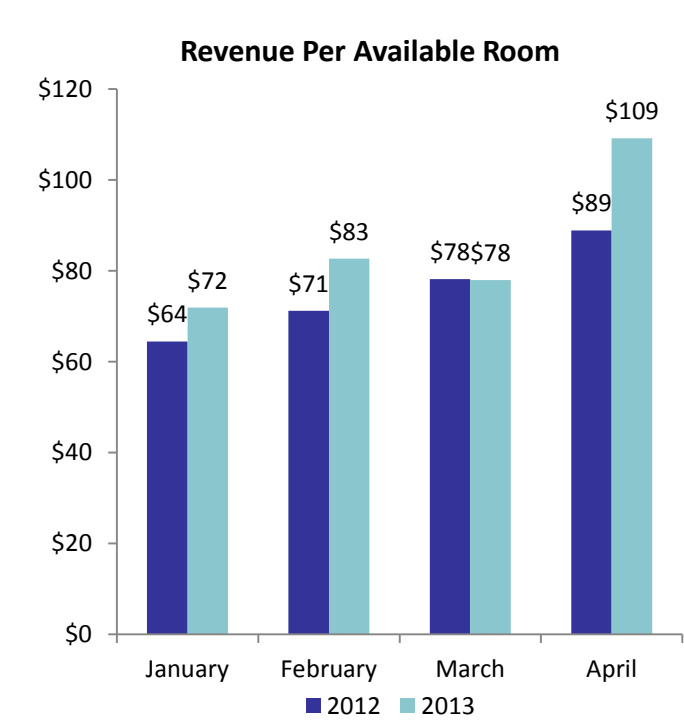
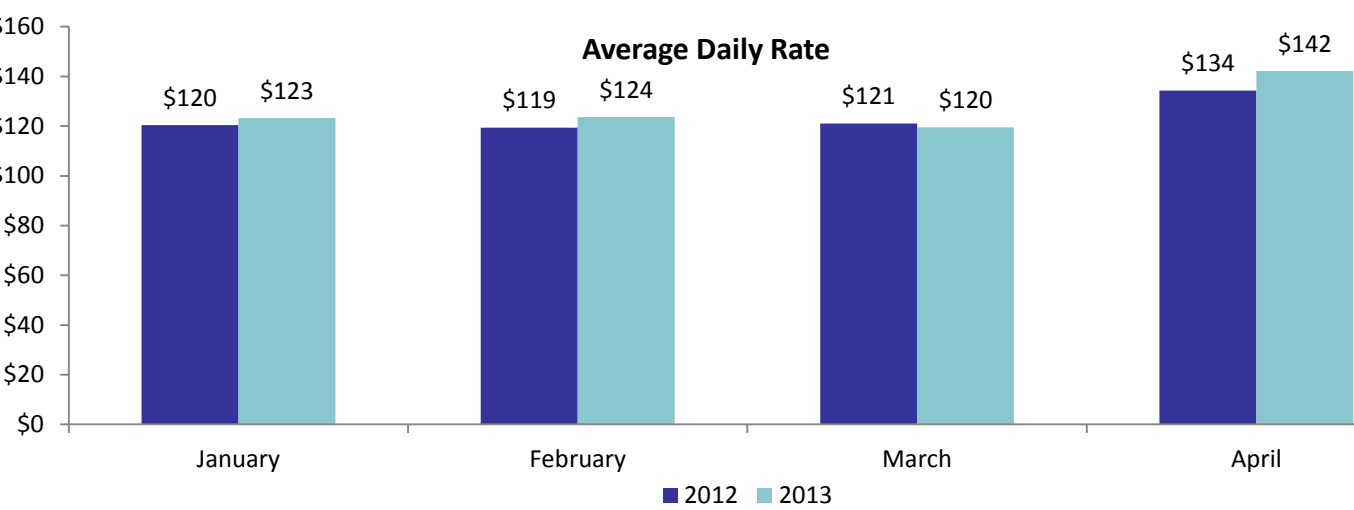
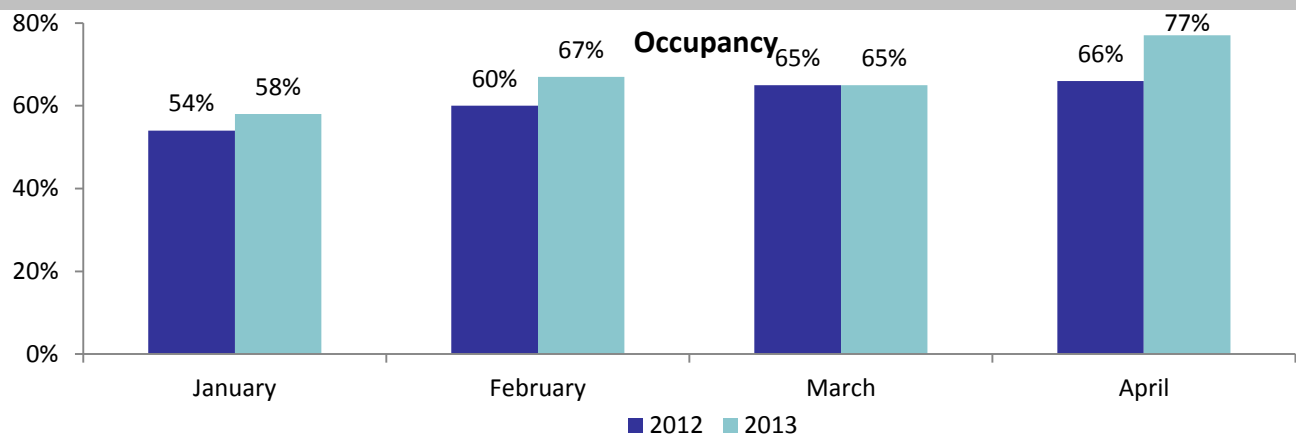
2012 Hotel Occupancy and Events Calendar

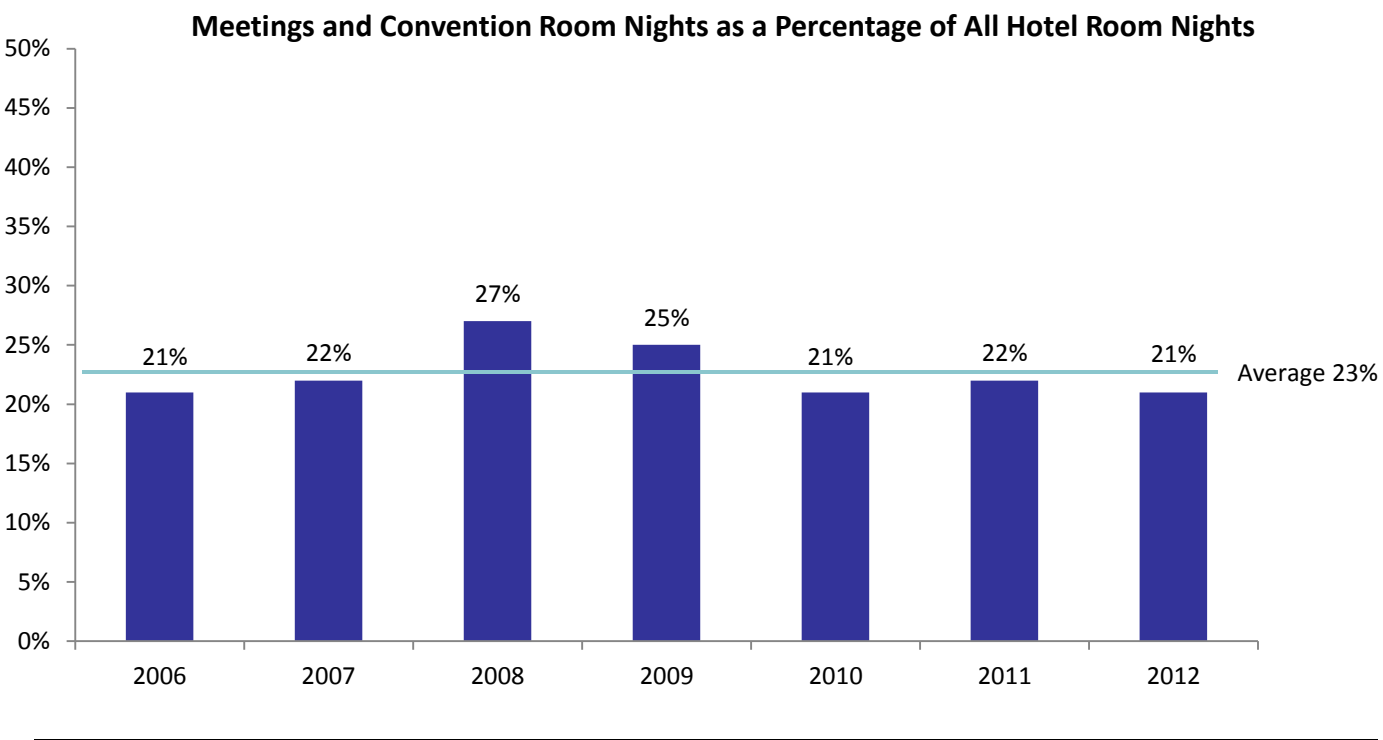


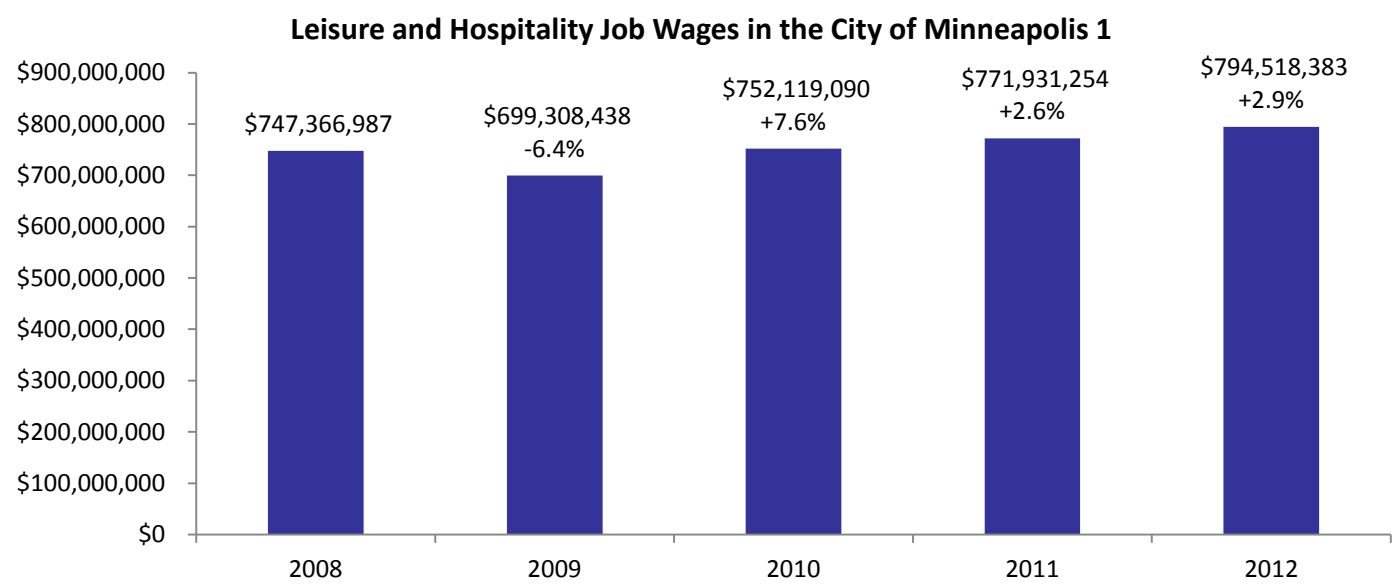
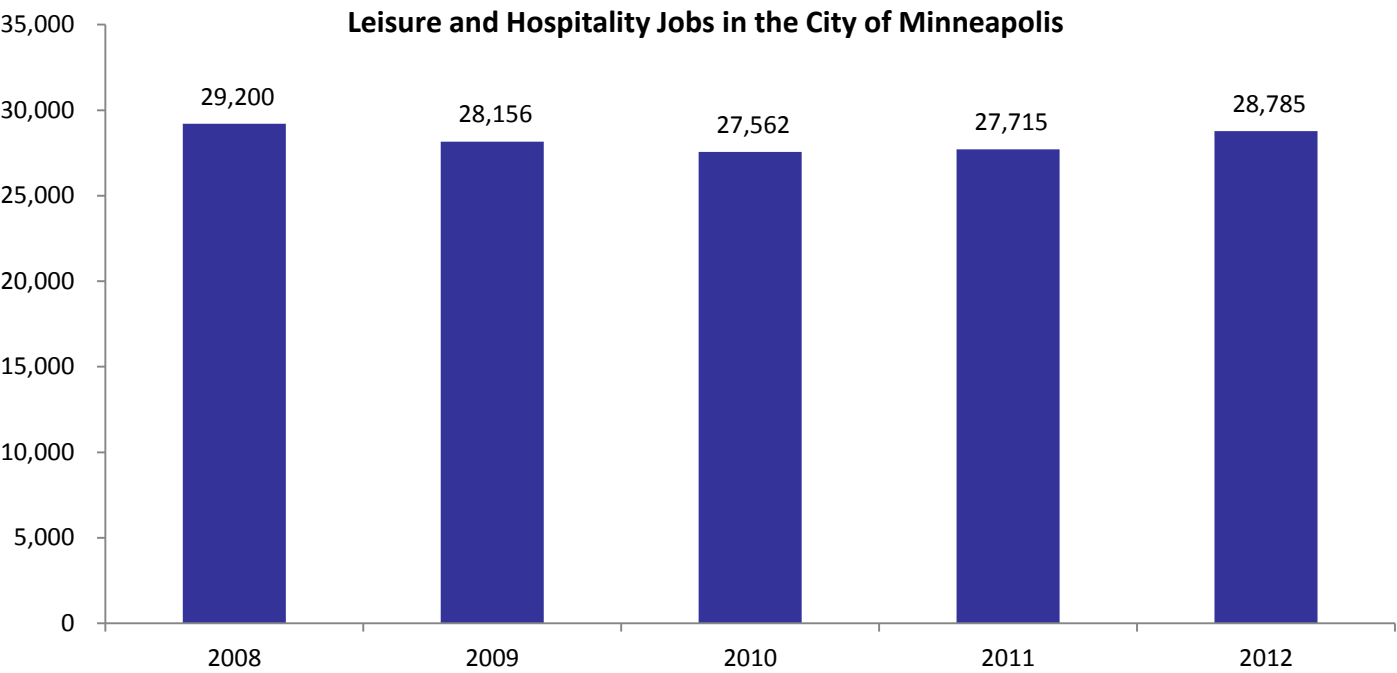
Meet Minneapolis Performance Measures

Performance Measure	2012 Annual Goal	2012 Actual	2013 Annual Goal	May 2013 YTD Actual
Room Nights Booked (in thousands)	460.0	478.8	475.0	94.0
Economic Impact (in millions)	\$375.0	\$246.8 ¹	\$275.0	\$143.0
Lead to Definite Conversion	26%	25%	26%	25%
Survey – Destination Services	4.4	4.6	4.4	4.7
Leisure Hotel Leads	550	432	550	172
Non-Hotel Leisure Leads	650	511	650	299
Tour Programs Developed	100	103	100	49
MCC Revenue (in millions)	\$14.1	\$14.9	\$15.25	\$7.3
MCC Bookings	450	429	450	166
MCC Attendance (in thousands)	800	767.8	850	536
MCC Occupancy (% Full)	55%	56%	57%	69%
Survey – MCC Sales	4.4	4.3	4.4	4.4
Survey – MCC Meeting Planner	4.4	4.4	4.4	4.4
Partnership Revenue (in thousands)	\$1,300.0	\$1,033.3	\$1,300.0	\$413.1
Media Impressions (in millions)	400.0	889.1	550.0	341.0
Unique Web /Social Media Visitors (in thousands)	1,500.0	1,222.0	1,500.0	595.7
Information Requests by Visitors (in thousands)	35.0	40.4	40.0	10.4
1 Change in method of economic impact calculation implemented in September 2012				

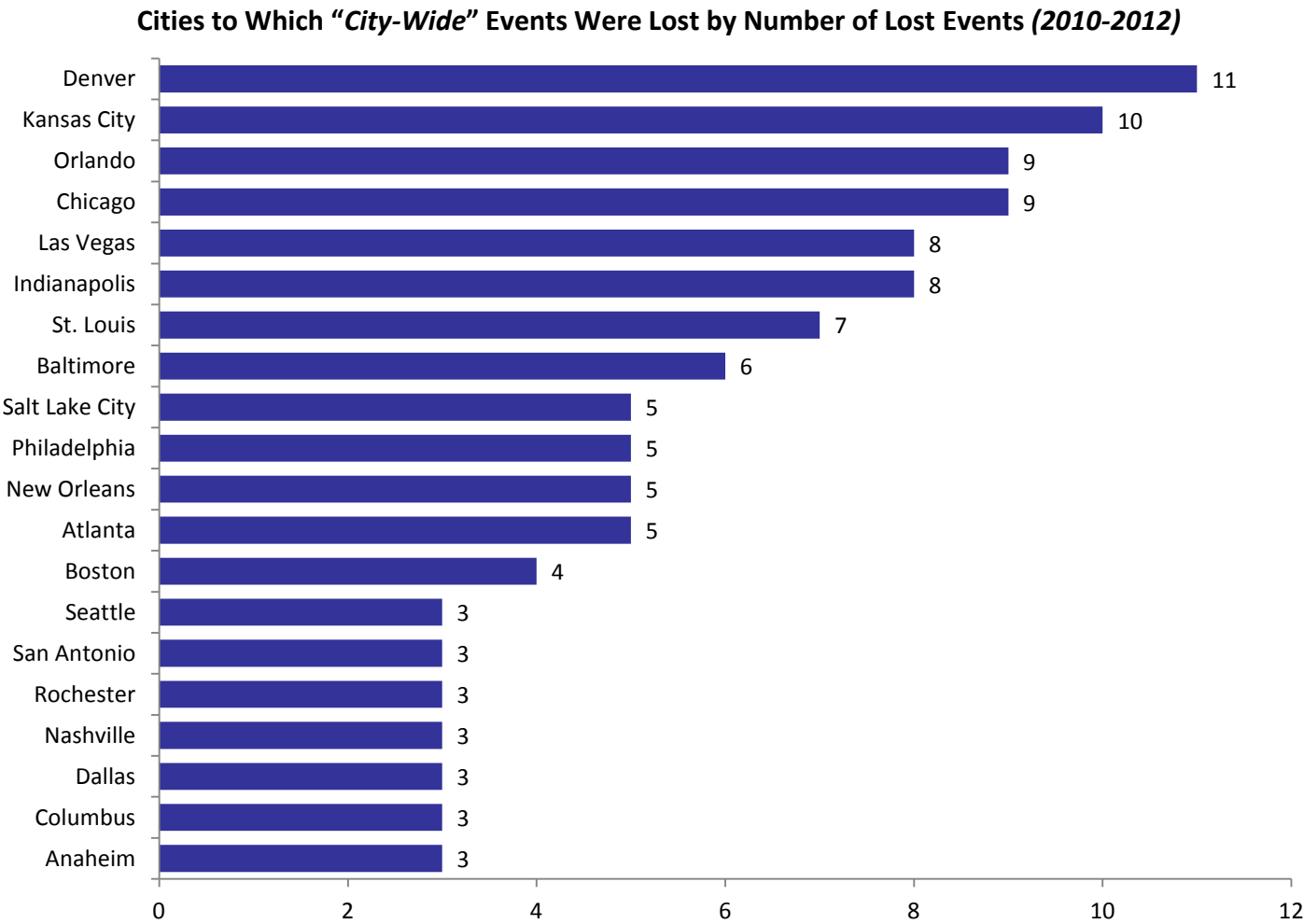
First Quarter Hotel Performance





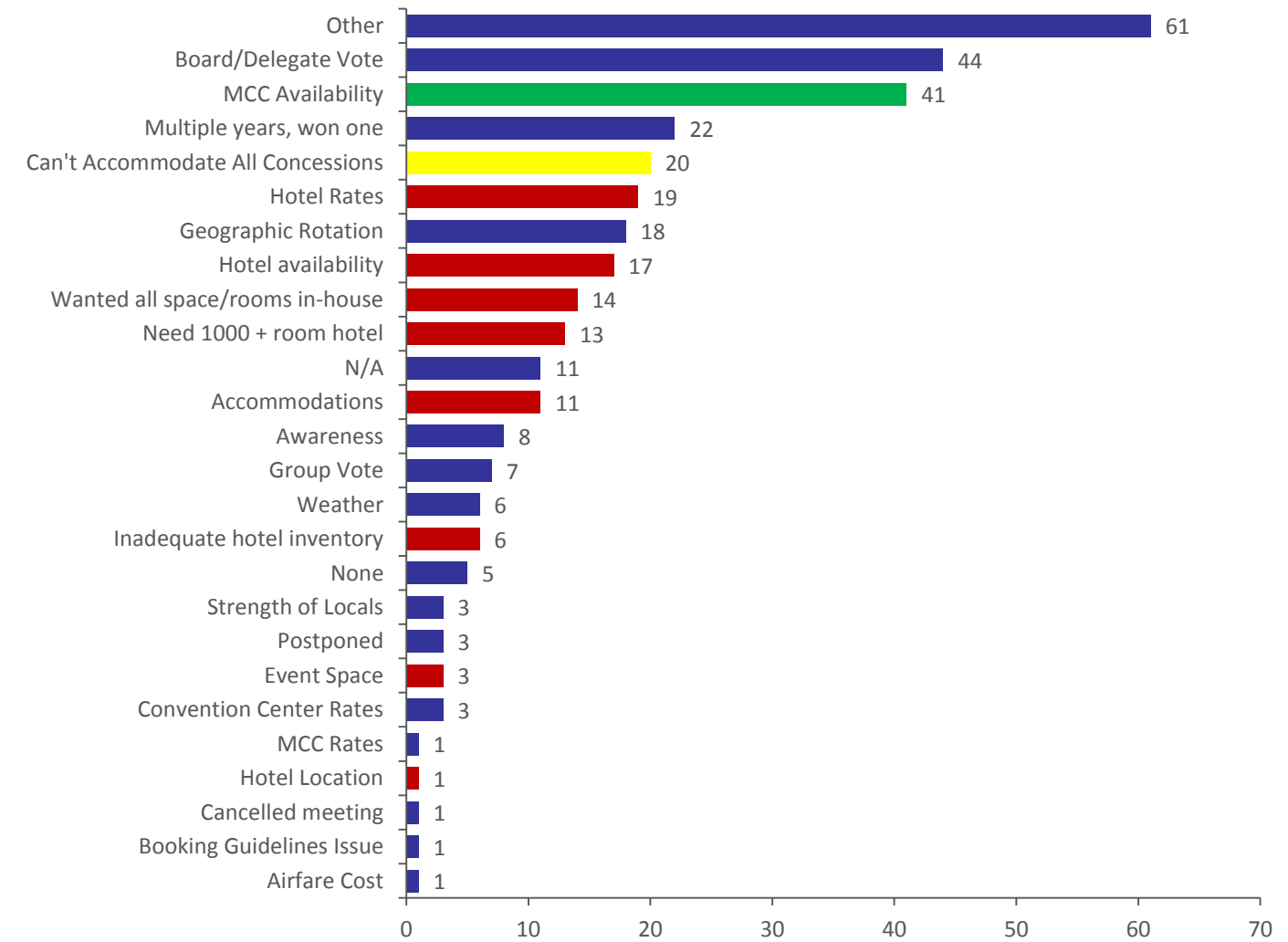


Source: Minnesota Department of Employment and Economic Development



- Notes:
- 1) Denver, Kansas City, Chicago, Indianapolis and St. Louis are in the peer set because Meet Minneapolis primarily loses business to these Cities and they are all in the central region of the United States.
 - 2) Orlando and Las Vegas are excluded from the peer set as they are in the top tier.

Number of “City-Wide” Events Lost by Reason (2010-2012)



Note: Reasons for business lost:

- 1) Hotel Related issues (red)
- 2) Lack of availability at the Minneapolis Convention Center (green)
- 3) Inability for the City to accommodate all concessions (yellow)